Manitoba

Annual Report 1990

Manitoba Civil Service Superannuation Board

91-05378/

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Manitoba

Minister of
Labour

March 21, 1991

To The Honourable George Johnson, M.D.
Lieutenant Governor of Manitoba

May It Please Your Honour:

As Minister responsible, I have the privilege of presenting for the information of Your Honour the 52nd Annual Report of the Manitoba Civil Service Superannuation Board for the calendar year ended December 31, 1990.

Respectfully submitted,

Darren Praznik

Honourable Darren Praznik
Minister of Labour,
Minister Responsible for the Administration
of The Civil Service Superannuation Act

Manitoba

The Civil Service
Superannuation Board

March 21, 1991

Honourable Darren Praznik
Minister Responsible for the Administration
of The Civil Service Superannuation Act
Room 156 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Sir:

In conformity with the provisions of The Civil Service Superannuation Act, I am pleased to forward to you, the Minister Responsible for the Administration of The Civil Service Superannuation Act, the 52nd Annual Report of the Manitoba Civil Service Superannuation Board.

This report covers the period January 1, 1990 to December 31, 1990 and includes a review of the Board's activities for that period as well as the Report of the Provincial Auditor and attached audited financial statements for that period.

Respectfully submitted,

R. E. Archer

R. E. Archer, Chairman
Civil Service Superannuation Board

Table of Contents

TITLE	PAGE
Introduction	7
Civil Service Superannuation Board	8
Board Meetings	9
Highlights of 1990	9
Actuarial Valuation	9
Pension Benefits	9
Cost-of-Living Adjustment in Pensions	12
Pensioners — Six-Year Comparisons	
Pension Amounts	12
Retirements	13
Pensioners/Recipients	13
Refunds	14
Six-Year Comparison – Refunds	15
Reciprocal Agreements	16
Participants	18
Six-Year Comparison — Participants	19
Marriage Break-up	20
Communication and Counselling Services	20
Amendments to the Civil Service Superannuation Act	21
Federal Government Pension Reform	22
Investments	24
Investments — Six-Year Comparisons	
Fund Assets	26
Revenues and Expenditures	26
Changes in Status — Participants	27
Changes in Status — Pensioners	28
Management Report	29
Report of the Provincial Auditor's Office and Financial Statements	30
Summary of Actuarial Report and Actuarial Valuation Balance Sheet	46

Introduction

This 52nd Annual Report reviews and highlights the administrative and investment activities of the Civil Service Superannuation Board for the calendar year 1990.

The Civil Service Superannuation Board was established under subsection 5(1) of The Civil Service Superannuation Act (Act) in May, 1939.

The Board is comprised of four elected representatives of employees participating in the Fund and four employer representatives plus a chairperson who are appointed by the Government. The Board is responsible for the administration of the provisions of the Act in providing benefits for employees of the Province of Manitoba and its related Boards, Commissions, and Agencies who participate in the plan.

As Trustees of the Civil Service Superannuation Fund, the Board also has fiduciary responsibilities for ensuring that investments are made on the direction of the Investment Committee which is a sub-committee of the Board comprised of a Board member nominated by the elected employee representatives, the Deputy Minister of Finance, and a chairperson who is also the chairperson of the Board.

The Board is responsible for administering the Act which involves collecting superannuation contributions deducted from employees by participating employers, investing and monitoring investments, paying refunds on termination, negotiating reciprocal agreements to provide portability of pensions, transferring funds on marriage breakup, paying pensions on retirement, counselling employees (including spouses), providing informational and pre-retirement seminars, providing annual benefit statements, preparing brochures outlining the benefits, newsletter articles, financial statements and an annual report.

The Board operates within the guidelines, regulations and legislation contained in The Pension Benefits Act of Manitoba, which is an Act legislated to provide conformity and regulation of all pension plans administered in the Province of Manitoba.

In October, 1968, the Board began to administer the group insurance plans for all participating employers. The Public Servants Insurance Act provides group life insurance, accidental death and dismemberment insurance and dependents insurance for participating employees. The Board collects insurance contributions on behalf of Canada Life (the insurance carrier), pays the necessary premiums, pre-audits all insurance claims, prepares explanatory literature, provides informational counselling and invests the experience refunds which are held in a trust insurance fund. The Insurance Fund proceeds are used to subsidize post-retirement declining insurance benefits, provide continuing insurance while disabled, to stabilize the premium rate and may pay an insurance claim dividend when claims experience is more favourable than expected.

Since January 1, 1977, the Board has provided administrative and support services to the Municipal Employees Benefits Board. The Municipal Employees Benefits Board provides pension and group insurance benefits for approximately 2,539 employees of 272 municipal and quasi-municipal employers throughout Manitoba.

Civil Service Superannuation Board

Chairman
Mr. R. E. Archer
Executive Vice-President
Investments and Trust
Investors Group Inc.

Employee Representatives

Ms. S. Walker
Civil Service Representative

Mr. M. J. Painchaud
Manitoba Health Services Commission
Civil Service and Manitoba Health Services Commission Representative

Mr. H. Janzen
Manitoba Telephone System
Manitoba Telephone System Representative

Mr. V. L. Schentag
Manitoba Hydro
Manitoba Hydro and Small Boards Representative

Employer Representatives

Ms. C. A. Dutcheshen
Solicitor

Mr. W. R. Hooper
Retired

Dr. P. Lommerse
Medical Doctor

Ms. L. Piche
Homemaker

General Manager
Mr. W. Worosz

Director, Administrative Services
Mr. V. McLeod

Director, Communication & Counselling Services
Mr. R. H. Covernton

Director, Financial and Computer Services
Mr. A. Borle

Chief Investment Officer
Mr. L. Fuller

Consulting Actuary
Mr. J. A. Turnbull, F.S.A., F.C.I.A.

Board Meetings

During the year the Board held 9 meetings and each of the Board committees held several meetings.

Highlights of 1990

	1990	1989
	(thousands of dollars)	
Book Value of Investments	$1,035,498	$926,731
Investment Income	$ 94,201	$ 90,048
Yield on Investments	10.1%	10.8%
Employee Contributions	$ 55,803	$ 52,327
Employer Payments	$ 39,195	$ 35,117
Pension Payments, etc.	$ 75,860	$ 69,055
Refund of Contributions & Interest	$ 6,171	$ 5,673
General Expenses — Net	$ 1,193	$ 1,233
Participants in Fund	31,912	31,035
Pensioners and Other Recipients	7,871	7,475

Actuarial Valuation

The triennial Actuarial Report on the Civil Service Superannuation Fund as at December 31, 1989 disclosed an actuarial surplus of $50,392,215 (surplus of $31,788,810 at December 31, 1986), of which $8,683,500 ($8,156,600 at December 31, 1986) was attributable to excess interest earnings on the assets supporting the liabilities for current pensioners.

A summary of the Actuarial Report is included as the final item in this Annual Report.

Pension Benefits

During the year covered by this report, pensions and instalment refunds paid totalled $75,860,000, a net increase of $6,805,000 (9.9%) over 1989. There were 7,871 persons receiving pensions or contributions and interest in monthly instalments at December 31, 1990 as compared to 7,475 persons one year earlier. At December 31, 1990 there were:

1. 6,670 pensioners, 520 new retirements and 200 deaths for a net increase of 320 for the year;
2. 719 deceased pensioners' beneficiaries receiving pensions;
3. 470 spouses receiving the automatic pension payable to the spouse of an eligible employee who dies in service.
4. 12 retired employees' spouses receiving pensions because of marriage break-up.

Total pensioners include 82 disabled persons receiving disability pensions plus Long Term Disability (LTD) benefits from the employer. The superannuation disability pension is offset against the LTD benefit.

In addition, the Board processed pension payments for 220 pensioners and beneficiaries entitled to benefits under the former Manitoba Hydro Retirement Plan at year end. The Board is fully reimbursed for these pensions and the administrative costs incurred. The Board also paid annuities to five recipients under the Money Purchase Accounts Plan as at December 31, 1990.

Of the 379 new male pensioners, 85 retired at age 65 or later, 254 retired before age 65 and 40, who were under age 60, were granted disability retirement. (For an employee who is age 60 or over, the pension for disability retirement is the same as for early retirement. The disabled employee who is over age 60 therefore applies for early retirement.)

Of the 141 new female pensioners, 29 retired at age 65 or later, 102 retired before age 65, and 10 who were under age 60 were granted disability retirement.

New 1990 pensioners include 42 former employees with vested benefits who commenced receiving their pensions during the year.

Integration with the Old Age Security Pension was selected by 229 male pensioners (78%) and 65 female pensioners (58%) who retired before age 65.

Integration with the Canada Pension was selected by 89 male pensioners (54%) and 18 female pensioners (32%) who retired before age 60.

Employees retiring during 1990 elected the following pension options:

	Males	Females	Total
Pension reducing to one-half at pensioner's death	33	11	44
Pension reducing to two-thirds at pensioner's death	249	35	284
Ten-Year guaranteed pension	12	5	17
Lifetime Pension*	80	89	169
Other	5	1	6
Total	**379**	**141**	**520**

*Note: The majority of the retiring employees who elected the lifetime pension were either single or had small pensions due to short service.

The Pension Benefits Act requires that employees who at the time of retirement have a spouse must select a joint form of pension that at the death of the pensioner provides two-thirds of the pension to the spouse for life. This compulsory pension option may be waived if the employee's spouse completes a spousal waiver form.

There were also 71 employees who reached age 65 during 1990 and who continued to work into 1991. As at December 31, 1990, 156 employees were continuing to work past age 65 and contributing to the Superannuation Fund as follows:

Year of 65th Birthday	Number of Employees Working Past Age 65
1990	71
1989	29
1988	25
1987	16
1986	9
1985	6
Total	**156**

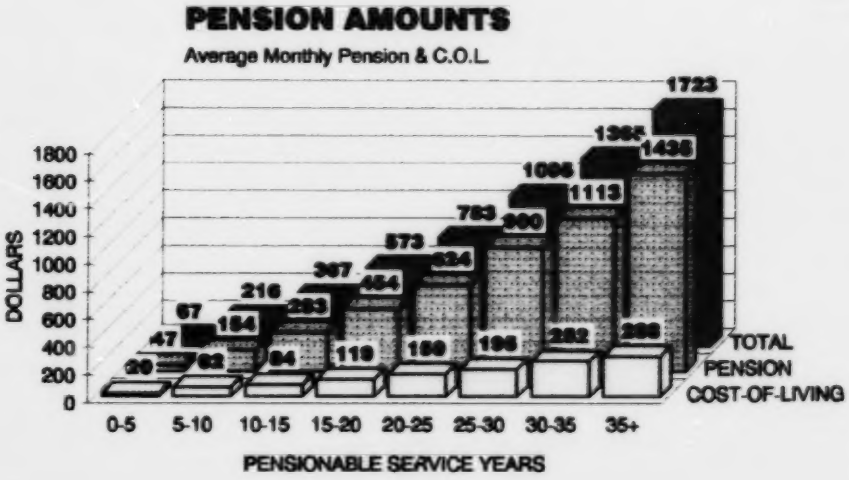
Cost-of-Living Adjustment in Pensions

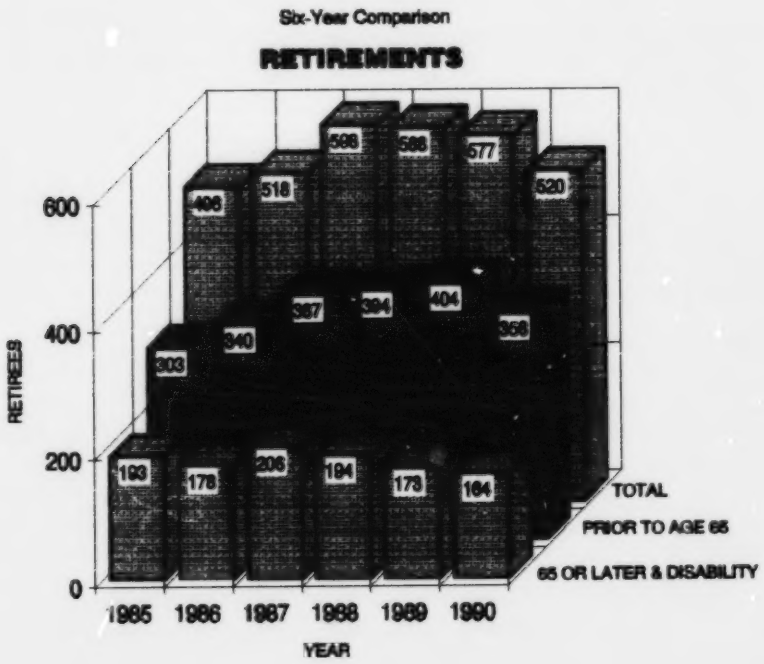
Effective July 1, 1990 a cost-of-living adjustment was paid to eligible pensioners and to beneficiaries receiving pensions in respect of deceased pensioners who retired before July 1, 1989. The adjustment was limited to the extent that the amount in the separate Superannuation Indexing Adjustment Account was actuarially able to finance one-half of each increase. (See Exhibit D and Note 2(e) of the audited financial statements.)

The Account receives 10.2% of the total annual required contributions made by employees to the Fund. This Account funds 50% of the annual cost-of-living adjustment payment, and non-matching employers are billed for 50% of the monthly payments.

A 1990 amendment to the Superannuation Act provided for the transfer of the Fund's actuarial surplus of $31,788,810 at December 31, 1986, to the COLA account on January 1, 1989. The excess earnings on the assets supporting liabilities for pensioners amounting to $8,156,600 can be used immediately to pay cost-of-living increases. Similar excess interest earnings can be used in future years to fund COLA increases as members retire. This amendment has been explained under item 6 in the "Amendments to the Civil Service Superannuation Act" section of this report.

The cost-of-living increase is related to service and the amount of pension received. The increase was equal to 55¢ (1989 – 38¢) a month for each year of pensionable service to a maximum of 35 years plus 1.71% (1989 – 1.24%) of the ordinary lifetime pension plus accumulated cost-of-living increases to date.




Six-Year Comparison
RETIREMENTS
RETIREES
600
400
200
0
406
518
598
588
577
520
303
340
387
394
404
368
193
178
206
194
173
184
TOTAL
PRIOR TO AGE 65
65 OR LATER & DISABILITY
1985
1986
1987
1988
1989
1990
YEAR

Six-Year Comparison
PENSIONERS/RECIPIENTS
NUMBER
OF
PENSIONERS
9000
8500
8000
7500
7000
6500
6000
5500
5000
5641
6050
6541
7023
7475
7871
1985
1986
1987
1988
1989
1990
YEAR

Refunds

There were 1,221 employees who ceased employment and received refunds of contributions and interest amounting to $2,167,542. The estates of 13 employees who died received refunds of contributions and interest amounting to $71,244. These refunds are divided as follows:

	Employees	Contributions Refunded	Interest Refunded
Alcoholism Foundation of Manitoba	8	$ 3,173	$ 827
Civil Service Superannuation Board	4	6,266	878
Crown Corporations Council	1	2,503	145
Housing Authorities	13	22,794	3,032
Liquor Control Commission	21	21,645	2,633
Manitoba Agricultural Credit Corporation	4	6,147	802
Manitoba Arts Council	1	895	60
Manitoba Beef Commission	1	6,815	2,645
Manitoba Civil Service	788	1,076,413	211,450
Manitoba Crop Insurance Corp.	10	3,056	242
Manitoba Data Services	11	14,469	3,551
Manitoba Government Employees' Association	1	1,857	55
Manitoba Health Services Commission	24	60,172	14,838
Manitoba Energy Authority	2	4,047	1,278
Manitoba Hydro-Electric Board	87	170,711	43,984
Manitoba Lotteries Foundation	3	5,582	1,996
Manitoba Pork Est.	2	1,020	39
Manitoba Public Insurance Corp.	69	86,843	21,329
Manitoba Research Council	5	10,365	818
Manitoba Telephone System	132	194,225	48,478
Manitoba Turkey Producers' Marketing Board	2	1,868	103
Deferred Pension Accounts	32	53,131	19,183
Pending Reciprocal Agreement	3	68,947	24,347
Reciprocating Manitoba Accounts	10	10,628	2,501
Total	1,234*	$1,833,572	$ 405,214

*Includes 317 terminated employees who chose a deferred pension as well as a refund or transfer of funds; excludes 52 transfers out under reciprocal agreement.

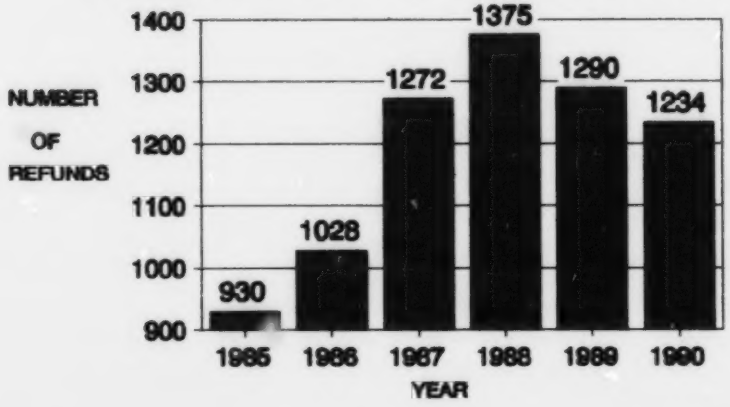
There were also other refunds or transfers totalling $3,932,700 processed during 1990 as follows:

1)	Excess Employee Contributions and Interest:	
	(a) At retirement	$ 100,881
	(b) On termination	2,352,209
	(c) On death	42,634
2)	Commuted Value — Fund's Share:	
	(a) Marriage breakdown	625,274
	(b) Post Jan. 1, 1985 service	709,950
	(c) Employee death refunds	34,653
3)	Deceased pensioner refunds	67,099
		$3,392,700

The membership in the Fund decreased by 221 when the Province of Manitoba's interest in Manitoba Data Services (MDS) was sold in August of 1990. As part of the sale agreement the pension liability for current MDS employees was to be paid to the Province of Manitoba for transfer to the new MDS pension plan. The Province of Manitoba was to reimburse the Fund for the full pension liability for existing MDS pensioners and deferred pensioners. These amounts will be settled in 1991.

Six-Year Comparison

REFUNDS TO PARTICIPANTS



Reciprocal Agreements

Reciprocal agreements permitting the transfer of pension credits between the Civil Service Superannuation Board and the following pension plan authorities were in effect on December 31, 1990:

Government of Canada — Treasury Board
The Province of British Columbia — Superannuation Commissioner
The Province of Alberta — Public Service Pension Board
The Province of Alberta — Public Service Management Pension Board
The Province of Alberta — Local Authorities Pension Board
The Province of Saskatchewan — Public Service Superannuation Board (Old Plan)
The Province of Saskatchewan — The Public Employees Superannuation Plan Supervisory Board (Money Purchase Plan)
The Province of Ontario — Minister of Government Services
The Province of New Brunswick — Minister of Finance
The Province of Newfoundland — Minister of Finance
The Province of Nova Scotia — Minister of Finance
The Province of Prince Edward Island — Minister of Finance
Canadian Broadcasting Corporation
Canadian Interagency Forest Fire Centre
Canadian National Railway
Canada Mortgage and Housing Corporation
City of Regina
Crown Investments Corporation of Saskatchewan
The Council of Maritime Premiers
Hy-Line Credit Union
Ontario Hydro
Ontario Municipal Employees Retirement Board
(a) Ontario Municipalities
(b) Ontario Council of Regents for the Colleges of Applied Arts and Technology
Saskatchewan Government Insurance
Saskatchewan Power Corporation Superannuation Board
The Teachers' Superannuation Commission of the Province of Ontario

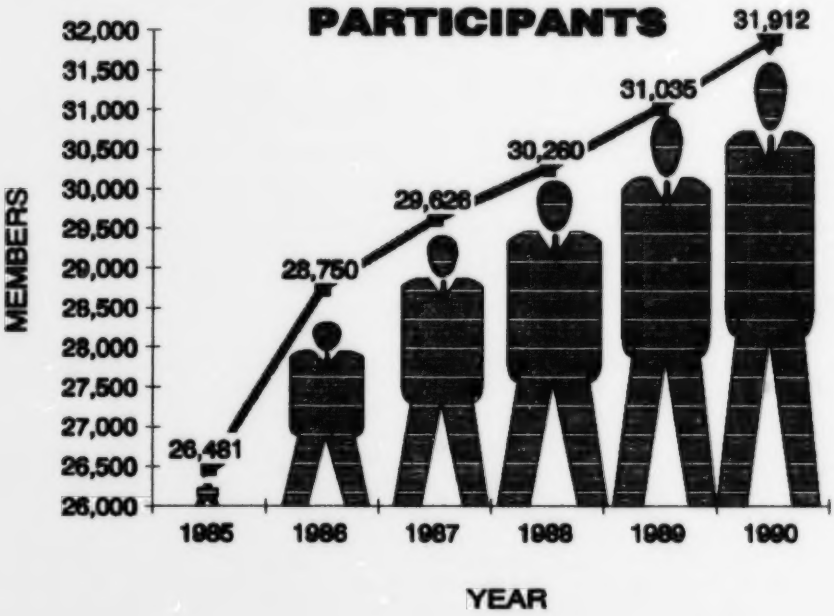
	Transfers to Manitoba		Transfers from Manitoba	
	Number	Fund's Share $	Number	Fund's Share $
Government of Canada	26	$579,433	16	$ 353,199
Provincial Public Service				
Alberta	2	27,572	18	277,821
British Columbia	–	–	8	227,395
Ontario	3	61,628	5	138,850
Saskatchewan	2	53,674	2	16,893
OMERS	1	12,274	2	42,995
Ontario Hydro	1	25,965	–	–
Ontario Teachers'	–	–	1	12,520
VIA Rail	4	95,925	–	–
1990 Totals	39	$856,471	52	$1,069,673
1989 Totals	38	$519,597	35	$ 519,468

Participants

The number of participants in the pension plan increased by 877. The distribution of participants by employer as at December 31, 1990 was as follows:

	Males	Females	Total
Alcoholism Foundation of Manitoba	81	106	187
Civil Service Superannuation Board	14	18	32
Communities Economic Development Fund	6	5	11
Crown Corporations Council	3	3	6
Housing Authorities	154	108	262
Human Resources Opportunity Centres	31	42	73
Legal Aid Services Society of Manitoba	27	60	87
Liquor Control Commission	323	161	484
Local Government Districts	1	–	1
Manitoba Agricultural Credit Corp.	33	18	51
Manitoba Arts Council	2	11	13
Manitoba Centennial Centre Corp.	48	29	77
Manitoba Civil Service	8,992	7,754	16,746
Manitoba Crop Insurance Corp.	204	80	284
Manitoba Development Corp.	2	2	4
Manitoba Energy Authority	4	1	5
Manitoba Government Employees' Assoc.	23	19	42
Manitoba Health Services Commission	199	526	725
Manitoba Horse Racing Commission	5	3	8
Manitoba Hydro-Electric Board	3,497	775	4,272
Manitoba Lotteries Foundation	71	40	111
Manitoba Milk Producers' Marketing Board	8	11	19
Manitoba Pork Est.	13	11	24
Manitoba Public Insurance Corp.	647	556	1,203
Manitoba Research Council	52	28	80
Manitoba Telephone System	2,845	2,655	5,500
Manitoba Turkey Producers' Marketing Board	2	3	5
Manitoba Water Services Board	9	–	9
Teachers' Retirement Allowances Fund Board	10	14	24
Universities Grants Commission	3	2	5
Deferred Pension Accounts	603	630	1,233
L.T.D. Pensioners	48	11	59
Manitoba Reciprocal Agreements	139	89	228
Pending Reciprocal Agreements	29	13	42
Total	18,128	13,784	31,912

Six-Year Comparison



Marriage Break-up

Under the Pension Benefits Act and consistent with the Civil Service Superannuation Act, where a member has experienced a separation in a marriage or recognized common-law relationship, the Board may be required to transfer an amount equal to half of the value of the pension earned during the applicable period to a locked-in account for the (ex) spouse. One-half of the amount transferred to the (ex) spouse is recovered from all non-matching employers. The following table compares activity during 1989 and 1990.

Annual Marriage Breakup Statistics	1990	1989
Transfers completed	108	75
In process at year end	290	209
Total $ transferred out	$1,242,532	$826,286

Communication and Counselling Services

During 1990, the Civil Service Superannuation Board conducted 42 Information Seminars on Superannuation and Group Insurance benefits on the subjects of eligibility, entitlement to benefits, family protection, disability, death, etc., for employees of the government and its related boards, commissions, and agencies throughout Manitoba.

In addition, the Board conducted 28 one-day Pre-Retirement Planning Seminars which were attended by approximately 831 participants (employees and spouses) in major centres throughout the Province. Topics emphasized in the seminar content are benefit awareness and options concerning superannuation and group insurance for retirement. Topics also covered during the seminar are: CPP; OASP; Blue Cross; estate planning as well as subjects related to retirement lifestyle planning as well as subjects related to retirement lifestyle planning such as the effective use of leisure hours, health, etc. A pre-retirement information package including a Retirement Planning Guide prepared and printed by the Board staff is distributed to seminar participants and as part of the presentation, audio-visual aids are used along with a comprehensive film on the subject of retirement planning which reinforces the subjects covered in the seminar.

The Board also conducted 34 different day long one on one counselling sessions throughout the Province in 1990 which involved providing personalized benefit information.

The staff of the Board will conduct pre-retirement planning seminars and/or informational sessions on benefits for interested groups of participants throughout the Province.

In addition to providing seminars the Board has benefit counsellors available to meet in a private, confidential setting with participants and/or their families to discuss and explain benefits.

Employees were provided with their annual benefit statement with information on employee status, as well as current and projected benefit entitlement. Pensioners as well as employees also received a copy of the 51st Annual Report of the Civil Service Superannuation Board.

Amendments to the Civil Service Superannuation Act

The Civil Service Superannuation Act (the Superannuation Act) was amended on March 15, 1990 to include the following amendments which were agreed to by the Employee Liaison Committee and Employer Pension and Insurance Advisory Committee.

1. Election of Employee Representatives

   Eliminates the requirement that the Lieutenant Governor-in-Council appoint the elected employee representatives to the Board.

2. Employer Matching Contributions

   The Lieutenant Governor-in-Council may designate employees of an agency of the government as members of the Fund. The employer must match employee contributions.

3. Recognition of the Employee Liaison Committee and the Employer Pension and Insurance Advisory Committee

   Provides formal recognition of the Employee Liaison Committee, representing employees and pensioners, in consultation with the Employer Pension and Insurance Advisory Committee (formerly the Employer Task Force on Pensions and Group Insurance) concerning benefit changes.

4. Expenses of Liaison Committee

   Charges the necessary expenses of the Liaison Committee to the Fund, as approved by the Board.

5. Employers pay 50% of Administrative Expenses

   Requires that effective July 1, 1990, the employers pay 50% of the administrative expenses of the Fund, excluding costs relating to the investment of the assets of the Fund and offset by the value of services to the Board provided by any employer.

6. Pension Cost-of-Living Adjustment Account

   (a) Modifies the cost-of-living adjustment (COLA) formula to provide for a maximum COLA adjustment of two-thirds of the increase in the Consumer Price Index unless there is a 20 year pre-funding of all COLA adjustments on a continuing basis.

   (b) Provides for the transfer of the surplus in the Fund at December 31, 1986 of $31,788,810 to the COLA account. The excess earnings on the assets supporting liabilities for pensioners amounting to $8,156,600 can be used to pay cost-of-living increases immediately. Similar excess interest earnings can be used in future years to fund COLA increases as members retire subsequently.

   (c) Permits the Board, upon the recommendation of the Actuary, and providing the Lieutenant Governor-in-Council does not disagree, to approve a lower COLA than the COLA that would be payable based on the Actuary's calculation of the benefit index as prescribed in the Act.

7. Interest on Contributions Made Prior to January 1, 1984

   Permanently extends the credit of 3% interest on pre January 1, 1984 contributions plus accumulated interest from the prior December 31, 1986 stop date.

8. Two Year Vesting of Employee Contributions

   Complies with the Manitoba Pension Benefits Act (the P.B.A.) which requires two year vesting of pension benefits for employees who terminate employment after December 31, 1989 with two or more years of qualifying service.

Federal Government Pension Reform

On June 27, 1990, Bill C52, an Act to amend the Tax Act, was passed by the Federal Government. This legislation is the result of many attempts over the years to improve the tax implications of how we save for our retirement years.

Each year, beginning in 1991, the employer is required to report on the T-4 an additional item called the Pension Adjustment (P.A.). This amount is not the amount that an employee can contribute to an R.R.S.P.!! The calculation of this amount comes from a formula provided by the Federal Government (9 × pension benefit earned minus $1000). The use of the factor of "9" and "$1000" have been set by the Federal Government.

Generally speaking, employees who have pensionable earnings above approximately $23,000 will have more R.R.S.P. room using the new pension reform method, as shown in the following example:

Annual Salary	$25,000	$35,000	$45,000	$55,000
1991 R.R.S.P. Room	$ 2,350	$ 2,561	$ 2,561	$ 2,561
1990 R.R.S.P. Room	(2,225)	(1,599)	(899)	(199)
Improvement*	$ 125	$ 962	$ 1,662	$ 2,362

Therefore, in many cases the new system will allow Superannuation Fund members to contribute more* to an R.R.S.P. (to a maximum of the lesser of 18% of earnings or $11,500 minus their P.A.) than would have been allowed under the old system. Employees who earn more than $55,000 and have full service in respect of a tax year will have at least $1,000 R.R.S.P. room, whereas previously they had little or no room.

Effect on the Civil Service Superannuation Fund (Fund)

Along with changes to the amount that employees can contribute to an R.R.S.P., the Federal Government has also established certain rules which will require changes to the Civil Service Superannuation Act (Act) in order to comply with their legislation.

Effective January 1, 1992

1. The reduction for early retirement between ages 55 and 60 must increase from 3/4 to 1% per year to 3% per year for future service only.
2. Contributions to the plan must cease when a member reaches maximum pension.
3. Members can only name spouses (including common-law) as a beneficiary when choosing a Survivor pension option (remaining payable to a beneficiary for their lifetime, in event of the pensioner's death).
4. Once retired from the Fund, a person cannot contribute to the Superannuation Fund or accumulate pensionable service.
5. A Partial Disability pension will no longer be allowed.
6. The maximum pension benefit that a member can accrue for any one year of service is $1,722.22. The maximum pension that can be paid at retirement is $60,277.70 per year.

The Federal regulations which specify the ways in which these legislative changes are to be interpreted have not yet been finalized.

Changes to the Act required to meet the new Federal Government Tax legislation are being reviewed by the Employee Liaison Committee and the Government's Advisory Committee.

Investments

The Fund's total assets were approximately $1,053 million as at December 31, 1990, an increase of 11.3% over 1989. Investment income increased $4.2 million or 4.6%. The Fund's yield on book value of investments declined from 10.8% in 1989 to 10.1% in 1990 because of the decline in the stock market which reduced the unrealized gains taken into income. In addition, as the market declined, the Fund increased its exposure to equities which meant lower cash yields, i.e., excluding market appreciation, than available in bond and mortgage investments.

During 1990, the Fund:

a) directed $8.8 million net to mortgages. The average yield on new mortgage investments was 12.0%.

b) increased common stock investments by $50.9 million and venture capital by $2.9 million.

c) increased Real Estate Investments by $10.2 million.

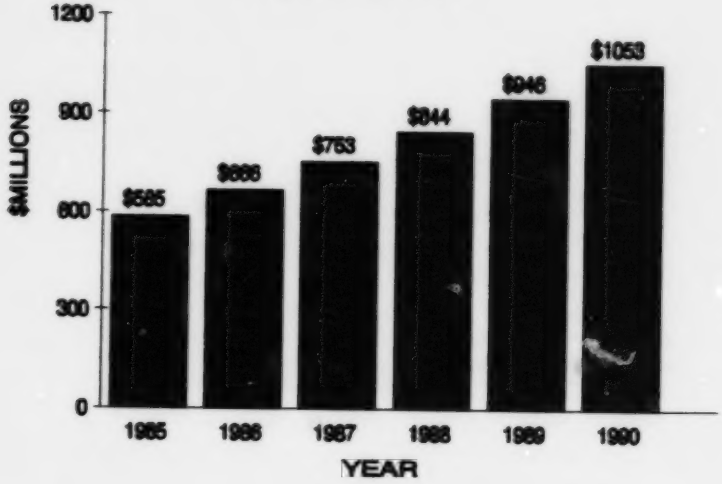
As at December 31, 1990, the Fund held $92.5 million in short-term paper, yielding an average of 12.2% versus $53.0 million yielding an average of 12.1% as at December 31, 1989.

The following comparative table illustrates the Fund's investment holdings:

	1990 (000's)	1989 (000's)	Increase (Decrease) (000's)
Bonds & Debentures			
Federal & Provincial	$ 85,240	$119,392	$ (34,152)
City & Municipal	6,988	10,518	(3,530)
Corporate	323,109	275,395	47,714
Foreign	5,242	5,968	(726)
Fixed Income Component Balanced Funds	59,401	77,972	(18,571)
Sub-total	479,980	489,245	(9,265)
Mortgages			
NHA Mortgages	54,442	65,531	(11,089)
Uninsured Mortgages	94,272	82,801	11,471
Pooled Mortgage Funds	23,457	21,103	2,354
Indexed-Linked Mortgages	21,898	15,858	6,040
Sub-total	194,069	185,293	8,776
Equity Investments			
Common Stock	9,566	2,247	7,319
Equity Component Balanced Funds	146,130	102,566	43,564
Petroleum and Natural Gas Investments	24,688	25,170	(482)
Venture Capital Limited Partnerships	7,471	4,562	2,909
Real Estate	56,654	46,422	10,232
Sub-total	244,509	180,967	63,542
Short-term Investments	92,519	52,969	39,550
Total	**$1,011,077**	**$908,474**	**$102,603**

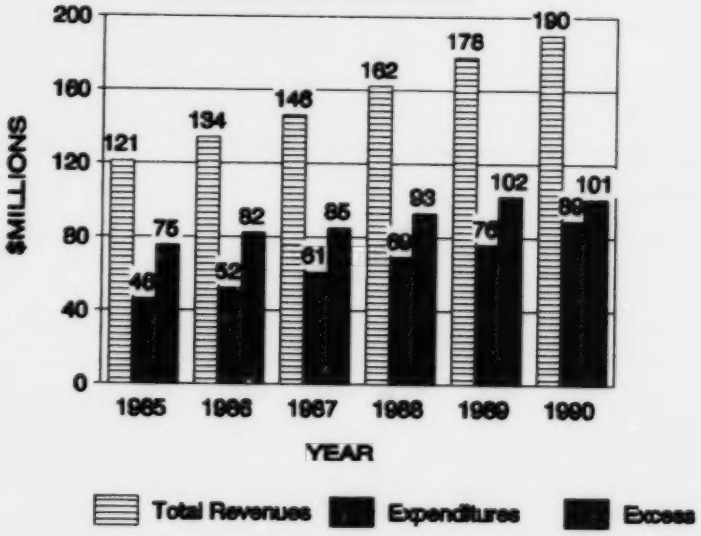
Six-Year Comparison

FUND ASSETS



Six-Year Comparison

REVENUES & EXPENDITURES



Changes in Status – Participants

For the year ended December 31, 1990

Males

Age Group	Entered	Withdrew	Died	Retired	Participants at Dec. 31, 1990
-19	25	–	–	–	27
20-24	272	59	–	–	703
25-29	322	110	2	–	2,051
30-34	229	101	1	1	2,480
35-39	157	99	2	2	3,126
40-44	98	78	5	1	3,202
45-49	61	49	3	10	2,411
50-54	34	38	5	7	2,017
55-59	21	13	9	144	1,357
60-	16	16	7	214	763
	1,235	563	34	379	18,137

Females

Age Group	Entered	Withdrew	Died	Retired	Participants at Dec. 31, 1990
-19	27	–	–	–	28
20-24	240	55	–	–	658
25-29	334	162	1	–	2,121
30-34	257	175	2	–	2,642
35-39	263	137	1	2	2,693
40-44	173	83	1	2	2,262
45-49	89	48	3	2	1,373
50-54	42	25	3	1	1,034
55-59	17	14	3	50	626
60-	9	11	–	84	338
	1,451	710	14	141	13,775
Totals	2,686	1,273*	48	520	31,912

*Includes 317 terminated employees who chose a deferred pension as well as a refund or transfer of funds and 52 transfers out under reciprocal agreement.

Changes in Status – Pensioners

For the year ended December 31, 1990

Males

Ages	Pensioners at Dec. 31, 1989	New Retirements	Deaths	Pensioners at Dec. 31, 1990
-59	548	165	5	708
60-64	944	121	14	1,051
65-69	1,251	84	25	1,310
70-74	867	9	28	848
75-79	489	–	38	451
80-84	225	–	26	199
85-89	76	–	9	67
90-	25	–	7	18
	4,425*	379	152	4,652

Females

Ages	Pensioners at Dec. 31, 1989	New Retirements	Deaths	Pensioners at Dec. 31, 1990
-59	208	57	5	259
60-64	339	51	–	391
65-69	499	31	10	520
70-74	381	2	7	376
75-79	287	–	7	280
80-84	132	–	11	121
85-89	58	–	7	51
90-	21	–	1	20
	1,925*	141	48	2,018
Totals	6,350*	520	200	6,670

*Excludes individuals whose Long Term Disability benefits ceased during 1990.

Civil Service Superannuation Fund

Management Report

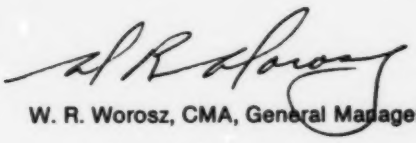
The accompanying financial statements are the responsibility of management and have been prepared in accordance with the accounting policies stated in the financial statements. These accounting policies have been applied on a basis consistent with the prior year. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to January 31, 1991. The financial information presented elsewhere in the Annual Report, is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and that the assets of the Fund are properly safeguarded. Staff of the Provincial Auditor's office review internal controls on an ongoing basis and report their findings to management and the Board who sit as an Audit Committee in whole.

The responsibility of the Provincial Auditor and his staff is to express an independent, professional opinion on whether the financial statements are fairly presented in accordance with the accounting policies stated in the financial statements. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

The Board meets as an Audit Committee with management, the Provincial Auditor and his staff to satisfy itself that each group has properly discharged its respective responsibility and to review the financial statements before approving them. The Board has reviewed and approved these financial statements and the Annual Report in advance of its release and has approved its content and authorized its release.

On behalf of Management



W. R. Worosz, CMA, General Manager

Office of
the Provincial Auditor

905 - 386 Broadway
Winnipeg, Manitoba, CANADA
R3C 3R6

Auditor's Report

To the Legislative Assembly of Manitoba

We have audited the balance sheet of The Civil Service Superannuation Fund as at December 31, 1990 and the statements of changes in the reserve for present and future benefits, changes in the provision for investment losses, changes in the superannuation indexing adjustment account and changes in the money purchase accounts plan for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2.

F. H. Jackson, CA
Provincial Auditor

Winnipeg, Manitoba
March 13, 1991

Exhibit A
The Civil Service Superannuation Fund

Balance Sheet

as at December 31, 1990

	1990	1989
	(Thousands of Dollars)	
ASSETS		
Cash	$ 374	$ 620
Employees' and employers' contributions receivable	367	821
Investments, Schedule 1, Note 2(b)	1,035,498	926,731
Accrued investment income	13,534	14,294
Debt due from the Province of Manitoba, Note 2(c)	1,826	1,826
Accumulated unrealized foreign exchange, Note 5	1,381	1,457
Furniture, computer equipment and programs, Note 2(d)	405	427
	$1,053,385	$946,176
LIABILITIES		
Accounts payable	$ 297	$ 290
Transfer payable for Manitoba Data Services' Employees, Note 7	4,409	–
Money purchase accounts plan, Exhibit E, Note 4	1,937	1,205
Provision for Fund's employees' pension benefits, Note 2(g)	1,157	1,012
Provision for investment losses, Exhibit C, Note 2(b)(v)	1,985	940
Superannuation indexing adjustment account, Exhibit D, Note 2(e)	97,505	88,259
Reserve for present and future benefits, Exhibit B	946,095	854,470
	$1,053,385	$946,176

Exhibit B
The Civil Service Superannuation Fund

Statement of Changes in the Reserve for Present and Future Benefits

for the year ended December 31, 1990

	1990	1989
	(Thousands of Dollars)	
Additions:		
Employers' and employees' contributions, Schedule 2	$ 94,998	$ 87,444
Investment income, net, Schedule 3	94,201	90,048
Interest on debt due from the Province of Manitoba, Note 2(c)	73	73
Bank and other interest	302	160
Total additions	189,574	177,725
Deductions:		
Superannuation and supplementary allowances	75,860	69,055
Refunds of contributions and interest	6,171	5,673
Payments of employee contributions to other pension plans	1,070	520
Transfer of pension liability for Manitoba Data Services' employees, Note 7	4,409	–
Administrative expenses, net, Schedule 4	1,193	1,233
	88,703	76,481
Net transfer to superannuation indexing adjustment account, Exhibit D	9,246	40,310
Total deductions	97,949	116,791
Net increase for the year	91,625	60,934
Balance at beginning of year previously reported	891,888	794,862
Adjustment for prior year's transfer to superannuation indexing adjustment account:		
Actuarial surplus, Note 2(e)(i)	(31,789)	–
Adjustment for interest allocation	(3,915)	–
Other adjustments	(702)	(450)
Adjustment for establishment of Fund's employees' pension benefits, Note 2(g)	(1,012)	(876)
Restated balance beginning of year	854,470	793,536
Balance at end of year, Exhibit A	$946,095	$854,470

Exhibit C
The Civil Service Superannuation Fund

Statement of Changes in the Provision for Investment Losses

for the year ended December 31, 1990

	1990	1989
	(Thousands of Dollars)	
Transfer from investment income, Schedule 3	$ 1,036	$ 927
Net recovery (write-down) of permanently impaired investments	9	(1,228)
Net increase (decrease) for the year	1,045	(301)
Balance at beginning of year	940	1,241
Balance at end of year, Exhibit A	$ 1,985	$ 940

Exhibit D
The Civil Service Superannuation Fund

Statement of Changes in the Superannuation Indexing Adjustment Account

for the year ended December 31, 1990

	1990	1989
	(Thousands of Dollars)	
Additions:		
Allocation of 10.2% of employees' and matching employers' contributions	$ 5,582	$ 5,265
Interest	10,680	9,562
Transfer of Fund's surplus, Note 2(e)	–	31,789
Total additions	16,262	46,616
Deductions:		
Allocation for 50% of superannuation indexing adjustment payments	7,016	6,306
Total deductions	7,016	6,306
Net transfer from reserve for present and future benefits, Exhibit B	9,246	40,310
Balance at beginning of year previously reported	51,853	47,499
Adjustment for prior year's transfer from reserve for present and future benefits:		
Actuarial surplus, Note 2(e)(i)	31,789	–
Adjustment for interest allocation	3,915	–
Other adjustments	702	450
Restated Balance at beginning of year	88,259	47,949
Balance at end of year, Exhibit A	$ 97,505	$ 88,259

Exhibit E
The Civil Service Superannuation Fund

Statement of Changes in The Money Purchase Accounts Plan

for the year ended December 31, 1990

	1990	1989
	(Thousands of Dollars)	
Additions:		
Deposits	$ 841	$ 586
Interest income	201	103
	1,042	689
Deductions:		
Refund of deposits	267	118
Transfer to Civil Service Superannuation Fund re annuity, Schedule 2	35	13
Administration fees charged by Civil Service Superannuation Fund	8	4
	310	135
Increase for the year	732	554
Balance at beginning of year	1,205	651
Balance at end of year, Exhibit A, Note 4	$ 1,937	$ 1,205

Notes to the Financial Statements

for the year ended December 31, 1990

1. Nature of the Organization:

   The Civil Service Superannuation Board was established under The Civil Service Superannuation Act in May, 1939 and is responsible for administering the Act.

   The Civil Service Superannuation Fund is the pension plan for employees of the Government of Manitoba and its agencies as listed in Schedule 2. Administering the Act involves collecting superannuation contributions, investing contributions and excess revenue, monitoring investments, paying refunds on termination, negotiating reciprocal agreements, paying pensions on retirement, counselling, and providing seminars, annual benefit statements, and brochures to members of the plan.

2. Significant Accounting Policies:

   The significant accounting policies are summarized below:

   (a) The Fund follows the accrual basis of accounting.

   (b) The investment valuation and income measurement policies consist of:

      (i) Fixed income investments:

      Premiums and discounts of one percent or less of par value are reflected in investment income in the year of investment acquisition. All other premiums and discounts are amortized to income on a straight line basis over the term of the investment commencing with the year of acquisition.

      Zero coupon bonds are recorded at cost at the date of purchase and subsequently valued at the end of each fiscal year based on the purchase yield and the remaining term to maturity. The difference in the value of the bond from the date of purchase or the previous year end to the current year end will be charged or credited to income in the current year.

      The majority of the Fund's fixed income investment portfolio is held for the long term and a part of the portfolio is traded actively. For long term holdings, the gains or losses on disposition, before maturity, are amortized to income on a straight line basis over the remaining term of the investment to a maximum of 20 years. The unamortized balances remain as part of the book value of the total investments. For those which are traded actively, the accounting is segregated and one-fifth of the realized gains or losses is reflected in income in the year of disposition.

      The remaining four-fifths is reflected in the value of investment assets and amortized to income in equal amounts over the next four years.

(ii) Investment in subsidiary:

The investment in the wholly-owned subsidiary Superannuation Resource Investment Corporation (S.R.I.C.) of Manitoba Inc. is accounted for on the equity method. The subsidiary is currently inactive. The Fund's Investment in S.R.I.C. is $1.00 at December 31, 1990.

(iii) Equity investments:

Equity investments are recorded at the lower of cost or net realizable value.

Petroleum and natural gas, and limited partnership investments have restrictions on their disposition.

One-fifth of the difference between the adjusted book value and the established market value of equity investments as at the end of the fiscal year is reflected in income and the offset reflected as an unrealized appraisal adjustment.

One-fifth of any realized gains or losses is reflected in income in the year of disposition. The remaining four-fifths is reflected in the value of the investment assets and amortized to income in equal amounts over the next four years. Realized gains or losses are adjusted by the amount of unrealized appraisal adjustments recorded in the investment income in previous years.

(iv) Real estate equity investments:

Income from real estate equity investments, evidenced by participating bonds, represents the Fund's proportionate share of the net cash flow generated by the underlying properties with no allowance having been made for depreciation. In the event the income from a property is insufficient to pay the cost of its operations, the Fund is liable to make additional payments, without limitation in amount, equal to its share of such a deficiency.

Pooled real estate investments are recorded at cost plus the proportionate share of earnings reported by the property manager.

(v) Provision for investment losses:

Effective January 1, 1984, 1/10 of 1% of the book value of the investment assets is transferred annually to the provision for investment losses from investment income. The provision should not exceed 1% of the book value of investment assets.

Impairment in the value of investments, considered to be permanent by the Investment Committee, is charged to the provision for investment losses. Subsequent recoveries increase the provision.

(vi) Foreign currency translation:

Assets recorded in foreign currency are translated into Canadian currency at the prevailing year end rate of exchange, while revenues and related transaction charges recorded during the year are translated at the prevailing month end rate of exchange. Foreign

exchange on the purchase and sale of foreign currency is translated at the prevailing rate on the date of the transaction.

The translation adjustments required for these transactions are recorded in the accumulated unrealized foreign exchange account. One-fifth of the accumulated unrealized foreign exchange account is reflected in income for the year.

(c) Debt due from the Province of Manitoba:

The Province of Manitoba assumed an accrued liability of $1,826,300 on account of its employees and pensioners as at May 1, 1939. The Province pays semi-annual interest on March 31st and September 30th at 4% per annum and may pay all or part of the debt at its option. In accordance with Section 24(1) of the Act, the aforementioned amount has been recorded as debt due from the Province.

(d) Furniture, computer equipment and programs:

Furniture purchases are charged to operations in the year of acquisition.

Computer equipment and programs are capitalized and amortized on a straight line basis over six years.

	1990		1989	
	(Thousands of Dollars)			
Computer equipment	$572		$594	
Less accumulated amortization	(169)	$403	(172)	$422
Computer programs	156		156	
Less accumulated amortization	(154)	2	(151)	5
Balance, end of year		$405		$427

(e) Superannuation indexing adjustment account (S.I.A.A.):

In accordance with amendments to the Act, effective July 1, 1977, a program of controlled indexing was implemented whereby 10.2% of employees' and employers' annual contributions are allocated to a S.I.A.A. Interest is allocated to the account on a basis related to the yield earned by the Fund on its mortgages, bonds and debentures. The account is intended to fund 50% of the cost-of-living adjustment payments made to pensioners and beneficiaries. The non-matching employers are billed for the remaining 50% of the cost-of-living adjustments paid to their retired employees or their survivors.

Effective July 1 of each year, cost-of-living superannuation adjustment payments are calculated in accordance with the formula set out in the Civil Service Superannuation Act, section 33(7). The formula is based on the Consumer Price Index (Canada) increase in the previous calendar year and the increase in the calculated benefit index. Section 33(8) requires the calculated adjustment to be reduced if, in the opinion of the actuary, the adjustment would result in an unfunded liability in the

S.I.A.A. as at December 31 of the preceding year. In 1990 the actuary recommended that 66.7% (1989 — 62%) of the calculated adjustment be paid.

A 1990 Amendment to the Civil Service Superannuation Act:

(i) Provides for the transfer of the actuarial surplus in the Fund as at December 31, 1986 of $31,788,810 to the S.I.A.A. on January 1, 1989. In accordance with the Act, the amount transferred is to be used for funding adjustments made on or after July 1, 1990. A portion of the actuarial surplus representing the excess investment earnings on the assets supporting liabilities for pensioners amounting to $8,156,600 may be used to pay cost-of-living increases.

The remainder of the actuarial surplus which is attributable to members in the Fund as at December 31, 1986 may be used in future years to fund adjustments as these members subsequently retire.

(ii) Modifies the S.I.A.A. formula to provide for a maximum annual adjustment equal to two-thirds of the increase in the Consumer Price Index (Canada) unless the actuary concludes that the S.I.A.A. is sufficient to make all required adjustment payments on a continuing basis for the immediate ensuing period of 20 years.

The actuarial valuation of the S.I.A.A. as at December 31, 1989 revealed that $14,084,228 (1988 — $5,076,098) was available to finance additional cost-of-living increases for pensioners. Effective July 1, 1990, the Board approved and paid the actuarially calculated superannuation adjustment for 1990 in accordance with the formula set out in the Act, equal to:

(i) 1.71% (1989 — 1.24%) of the total lifetime pension plus any previously granted adjustments in that allowance, and

(ii) 55¢ (1989 — 38¢) per month for each year of service, to a maximum of 35 years,

for those employees who retired before January 1, 1989. Employees who retired after that date, but before July 1, 1989, were paid a pro-rata portion of the adjustment. Beneficiaries of deceased pensioners receive two-thirds of the adjustment that the pensioner would have been eligible for. The present value of the July 1, 1990 adjustment has been actuarially calculated to be $7,572,600 (1989 — $5,076,098).

(f) Actuarial valuations:

The financial statements do not take into account actuarial valuations and, therefore, do not reflect the financial position of the Fund on an actuarial basis. In accordance with the Act, an actuarial valuation and report is required every three years. The most recent actuarial report on The Civil Service Superannuation Fund, as at December 31, 1989, disclosed a surplus of $50,392,215.

(g) Provision for Fund's employees' pension benefits:

A portion of the Fund was allocated to provide for the Fund's employer share of the accrued actuarial liability for its employees' pension benefits based on an actuarial report. The report provided a method of allocating funds to the provision each year between triennial valuations to recognize the annual increase in this liability and for adjustments to be

made for actual experience at each valuation. Transactions affecting the provision in 1990 and 1989 were as follows:

	1990 (Thousands of Dollars)	1989
Balance, beginning of year as previously reported	–	–
Adjustment of Provision for Fund's share of employees' pension benefits	$ 1,012	$ 876
As restated	1,012	876
Required employer contributions charged to administrative expenses	63	57
Interest allocated from investment income	109	99
	1,184	1,032
Less: Fund's share of pension payments	(27)	(20)
Balance, end of year	$ 1,157	$ 1,012

3. Non Matching Employer Recovery:

   The Civil Service Superannuation Act was amended effective July 1, 1990 to require that non-matching employers pay their share of the administrative costs of the Fund. The Fund recovered $404,615 from non-matching employers for the period July 1, 1990 to December 31, 1990.

4. Money Purchase Accounts Plan:

   Manitoba Regulation 77/85 under the Civil Service Superannuation Act established a Money Purchase Accounts Plan effective January 2, 1985. Under this regulation, eligible individuals may transfer to the Plan an amount from either the Fund or pension plan of a prior employer, to provide for an annuity or other settlement in the future. The Plan is administered and accounted for separately by the Board for which the Board charges the Plan with an administration fee. The accumulated value of a participant's account, upon election of an annuity under the Plan, will be transferred to an annuity reserve as part of the reserve for present and future benefits of the Fund.

5. Accumulated Unrealized Foreign Exchange:

   An analysis of gains or (losses) in the accumulated unrealized foreign exchange account is shown below:

	1990 (Thousands of Dollars)	1989
Balance, beginning of year	$1,457	$1,386
Foreign exchange on purchase and sale of foreign currency	1,992	(551)
Translation of transactions	108	217
Net translation — investment assets	(1,831)	769
	1,726	1,821
Transfer to income	(345)	(364)
Balance, end of year	$ 1,381	$ 1,457

6. Investment Related Expenses:

Investment related expenses are summarized below:

	1990 (Thousands of Dollars)	1989
Direct	$ 936	$ 851
Administrative	153	117
	$ 1,089	$ 968

The Board approved the allocation of identifiable costs as Direct expenses. Where direct allocation is not practical, expenses are allocated on a prorated basis as administrative expenses.

7. Transfer payable for Manitoba Data Services' (MDS) Employees:

The Government of the Province of Manitoba's interest in Manitoba Data Services was sold in August of 1990. As part of the sale arrangement the pension liability for current MDS employees was to be paid to the Government of the Province of Manitoba for transfer to the new MDS pension plan. The Government of the Province of Manitoba was to reimburse the Fund for the full pension liability for existing MDS pensioners and deferred pensioners. These amounts were settled with the Province on January 31, 1991.

8. Comparative Figures:

Comparative figures for the year ended December 31, 1989 have been restated to conform with the presentation adopted for the current year.

Schedule 1
The Civil Service Superannuation Fund

Summary of Investments

as at December 31, 1990

	1990		1989
	Par Value	Book Value	Book Value
	(Thousands of Dollars)		
Fixed income investments, Note 2(b)(i)			
Short term investments	$ 92,519	$ 92,519	$ 52,969
Bonds and debentures			
Government of Canada	37,000	37,052	39,779
Province of Manitoba	13,418	13,486	24,997
Province of New Brunswick	6,500	7,352	7,412
Province of Newfoundland	–	–	1,700
Province of Nova Scotia	–	–	4,947
Province of Ontario	22,125	21,450	31,857
Province of Saskatchewan	1,500	1,500	4,000
Government of Northwest Territories	4,400	4,400	4,700
Hospitals	3,177	3,177	3,437
Municipal Corporations	3,836	3,811	7,081
Corporations	330,599	328,351	281,363
	422,555	420,579	411,273
Fixed Income Component Balanced Funds (includes short term)		59,401	77,972
		479,980	489,245
Mortgages			
Insured, National Housing Act (Canada)	59,120	54,442	65,531
Index-Linked	21,897	21,898	15,858
Uninsured	94,332	94,272	82,801
	175,349	170,612	164,190
Pooled mortage funds		23,457	21,103
		194,069	185,293
Unamortized losses (gains) on disposition		4,400	(654)
Total fixed income investments at amortized cost		770,968	726,853
Equity investments, Note 2(b)(iii)			
Common stock		9,481	2,191
Equity Component Balanced Funds		146,130	102,566
Petroleum and natural gas investments		24,688	25,170
Investment in subsidiary, Note 2(b)(ii)		–	–
Venture capital, limited partnerships		7,471	4,562
Real estate, Note 2(b)(iv)			
Participating bonds		29,881	26,325
Qualifying shares		7,071	2,064
Units of pooled real estate		19,702	18,033
Pooled common stock		85	56
Accumulated unrealized appraisal adjustments		21,290	20,459
Unamortized losses (gains) on disposition		(1,269)	(1,548)
Total equity investments		264,530	199,878
Total investments, Exhibit A		$1,035,498	$ 926,731

Schedule 2
The Civil Service Superannuation Fund

Statement of Contributions

for the year ended December 31, 1990

	1990			1989
	Employer	Employee	Total	Total
	(Thousands of Dollars)			
Province of Manitoba Civil Service	$18,563	$29,123	$47,686	$44,388
Manitoba Telephone System	9,086	9,638	18,724	16,831
Manitoba Hydro-Electric Board	7,959	8,387	16,346	14,971
Liquor Control Commission	1,228	713	1,941	1,836
Manitoba Health Services Commission	638	1,229	1,867	1,741
Manitoba Public Insurance Corporation	309	2,144	2,453	2,178
Alcoholism Foundation of Manitoba	101	332	433	403
Civil Service Superannuation Board, Note 2(g)	–	57	57	52
Communities Economic Development Fund	25	27	52	50
Crown Corporations Council	–	13	13	–
Housing Authorities	313*	313*	626	582
Human Resources Opportunity Centres	123*	123*	246	220
Local Government Districts	3*	3*	6	6
Manitoba Agricultural Credit Corporation	73	114	187	184
Manitoba Arts Council	19*	19*	38	24
Manitoba Beef Commission	14*	8*	22	36
Manitoba Centennial Centre Corporation	88	92	180	164
Manitoba Crop Insurance Corporation	101	232	333	295
Manitoba Data Services, Note 7	15	308	323	504
Manitoba Development Corporation	26	14	40	35
Manitoba Energy Authority	–	24	24	33
Manitoba Government Employees' Association	104*	104*	208	198
Manitoba Horse Racing Commission	–	13	13	17
Manitoba Lotteries Foundation	6	210	216	203
Manitoba Milk Producers' Marketing Board	43*	43*	86	74
Manitoba Pork Est.	40*	40*	80	90
Manitoba Research Council	187*	172*	359	344
Manitoba Turkey Producers' Marketing Board	10*	10*	20	20
Manitoba Water Services Board	13*	11*	24	24
Public Investments Corporation of Manitoba	–	–	–	2
Teachers' Retirement Allowances Fund Board	22	43	65	58
The Legal Aid Services Society of Manitoba	–	197	197	192
Universities Grants Commission	9	12	21	19
Workers Compensation Board	37	–	37	36
Employees on loan	36	36	72	58
Employees on Workers Compensation	–	8	8	6
Long Term Disability	4	10	14	11
Receipts from other pension plans re: transfer of employee benefits under reciprocal agreements	–	856	856	520
Repayment of contributions previously refunded	–	155	155	56
Contributions based on prior non-pensionable employment	–	934	934	968
Contributions based on war service	–	1	1	2
Transfer from Money Purchase Plan, Exhibit E	–	35	35	13
Total contributions, Exhibit B	$39,195	$55,803	$94,998	$87,444

*Employers' contributions based on employees' remuneration

Schedule 3
The Civil Service Superannuation Fund

Statement of Investment Income

for the year ended December 31, 1990

	1990	1989
	(Thousands of Dollars)	
Fixed income:		
Interest	$ 84,849	$ 77,288
Foreign exchange, Note 5	(345)	(364)
Amortization of discounts net, Note 2(b)(i)	931	369
Amortization of realized (losses), gains, Note 2(b)(i)	(913)	739
Transfer to provision for investment losses, Exhibit C, Note 2(b)(v)	(1,036)	(927)
	83,486	77,105
Equity income:		
Real estate dividends and interest, Note 2(b)(iv)	4,438	3,874
Other dividends and interest	6,365	4,029
Unrealized appraisal adjustments, Note 2(b)(iii)	496	6,251
Amortization of realized gains, (losses), Note 2(b)(iii)	614	(144)
	11,913	14,010
Gross investment income	95,399	91,115
Less:		
Investment related expenses, Note 6	1,089	968
Allocated to reserve for Fund's share of employees' pension benefits, Note 2(g)	109	99
	1,198	1,067
Total net investment income, Exhibit B	$ 94,201	$ 90,048

Schedule 4
The Civil Service Superannuation Fund

Statement of Administrative Expenses

for the year ended December 31, 1990

	1990	1989
	(Thousands of Dollars)	
Salaries and fringe benefits	$ 1,260	$ 1,115
Bank charges	25	21
Board meetings	8	10
Computer related costs	141	68
Education	10	9
Employee Liaison Committee expenses	13	–
Furniture/fixtures/rental/servicing	17	12
Government administration charges	7	–
Medical examinations	15	11
Miscellaneous	30	22
Printing and stationery	75	71
Professional fees	160	82
Rent	44	–
Seminars and travelling	20	17
Telephone, postage and delivery	85	70
Gross administrative expenses	1,910	1,508
Less:		
Operating recoveries for the administration of:		
Long Term Disability Plans	10	7
Manitoba Hydro Retirement Plan	1	1
Money Purchase Accounts Plan, Note 4	8	4
Municipal Employees Benefits Board	47	58
Public Service Group Insurance Fund	93	88
Investment administrative expenses recovered, Note 6	153	117
Non matching employer recovery, Note 3	405	–
Total recoveries	717	275
Net administrative expenses, Exhibit B	$ 1,193	$ 1,233

Summary of Actuarial Report

as at December 31, 1989

The Civil Service Superannuation Act requires an Actuarial Report on the financial position of the Fund to be made at least once every three years.

The latest of these Reports was prepared as at December 31st, 1989, by John A. Turnbull, F.S.A., F.C.I.A. and Louis Ellement, F.S.A., F.C.I.A., of Turnbull and Turnbull, Actuaries for the Fund.

The financial position of the Fund is shown in the Valuation Balance Sheet. For present participants in the Fund, the Valuation Balance Sheet compares:

(a) the present value of the liabilities of the Fund in respect of the benefits promised, and

(b) the present value of the funds available to finance these liabilities as they become due.

The results of the Report are based on a set of assumptions. Assumptions are chosen for each of the factors which will affect the Fund financially in future years. Each assumption is based on relevant past experience. The experience is studied over long periods of time to produce reliable information. The experience related to the utilization of benefits is studied over nine-year periods and the experience related to salaries, interest credits and investments is studied over 20-year periods.

The actual experience during 1987, 1988 and 1989 was added to the experience obtained from previous years to produce the total experience that was used for the study of the utilization of benefits. Where necessary, assumptions used in the previous Actuarial Report were modified to reflect the results of this study of the experience.

The results of the Actuarial Report on the financial position of the Fund as at December 31st, 1989 (1989 Report) indicated that the Fund has a surplus equal to $50,392,215 as at December 31st, 1989. Most of the previously revealed surplus as at December 31st, 1986 was transferred to the Civil Service Superannuation Adjustment Account to help finance future indexing of pensions. The balance of the surplus as at December 31st, 1986 plus a portion of the experience gain was used to finance changes in expected future experience. The balance of the experience gain generated the surplus as at December 31st, 1989.

The experience gain that resulted in the surplus at December 31st, 1989 was in large part due to the greater than assumed rate of return on investments made for the Fund.

The 1989 Report indicated that indexing at or near present levels is likely to be possible in future only if there is:

(a) an immediate transfer of a large proportion of this and future surpluses to the Superannuation Adjustment Account, or

(b) substantial increases in the rate of contribution allocated to the Account.

The 1989 Report also indicated there is a slight margin in the contribution rates required to be paid by employees participating in the Fund.

The Valuation Balance Sheet as at December 31, 1989 follows:

Civil Service Superannuation Fund

Valuation Balance Sheet

as at December 31, 1989

ASSETS

Invested Assets:		
Fixed Income (amortized cost)	$ 741,767,000	
Less: Provisions for investment losses	(940,000)	
Money Purchase Account	(1,205,000)	
Superannuation Adjustment Account (Note 2)	(51,853,000)	
Transfer to Adjustment Account	(35,626,985)	$ 652,142,015
Equities (adjusted book value)		199,878,000
Net Invested Assets		852,020,015
Accounts Receivable		821,000
Amount due from Province under Section 24(1)		1,826,000
Accumulated Unrealized Foreign Exchange		1,457,000
Computer Equipment and Systems Development		427,000
Value of Future Contributions Expected to be Received		
— present employees	689,625,900	
— employers who are matching employee contributions	10,003,000	699,628,900
TOTAL ASSETS		$1,556,179,915

LIABILITIES

Value of Fund's Liabilities in respect of Current Benefits		
— retirement pensions	$ 205,828,600	
— survivor pensions	16,354,800	$ 222,183,400
Value of Fund's Liabilities in respect of Future Benefits Earned for Service to December 31st, 1989		
(a) present employees		
— retirement pensions	454,615,900	
— survivor pensions	26,473,700	
— deferred pensions	64,211,900	
— cash settlements on death	2,113,000	
— cash settlements on termination	619,800	
— refunds due to 50% test	17,146,100	
(b) former employees		
— deferred pensions	11,419,100	576,599,500
Value of Fund's Liabilities in respect of Future Benefits for Service on and after January 1st, 1990 by present employees:		
— retirement pensions	576,702,400	
— survivors' pensions	34,305,800	
— deferred pensions	61,001,500	
— cash settlements on death	5,144,300	
— cash settlements on termination	780,800	
— refunds due to 50% test	18,425,200	696,360,000
Value of funds to be transferred under Reciprocal Agreements		771,200
Value of deferred pensions to be paid as a result of transfers to reciprocating Manitoba employers		5,432,200
Accounts Payable		2,534,500
Provision for Future Administration Expenses		1,807,300
Instalment payments to include prior non-pensionable employment under Section 63		91,000
Instalment payments to include periods of war service under Section 35		8,600
TOTAL LIABILITIES		$1,505,787,700
SURPLUS		$ 50,392,215